

July 8, 2010

CARE ASSIGNS 'CARE BB' RATING TO THE BANK FACILITIES OF JAYABHERI PROPERTIES PVT LTD.**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	145.00	'CARE BB' [Double B]	Assigned
Total Facilities	145.00		

Rating Rationale

The rating is constrained by elevated levels of the financial risk profile of JPPL characterised by low margins worsening the leverage position and bunching of repayment obligations in FY11. The rating is also constrained by heavy reliance on advances from customers for funding of its projects, project execution risk and political uncertainty due to Telangana issue which affected real estate transactions in Hyderabad.

The rating derives strength from the experience of the promoters in the real estate industry, prime location of the ongoing projects in Hyderabad and substantial bookings obtained for the major residential project of Jayabheri Orange County. Timely execution and sale of projects as envisaged in the wake of slowdown in the real estate sector remain the key rating sensitivity.

Company Profile

Jayabheri Properties Private Limited (JPPL) is into construction of residential as well as commercial buildings. It is headed by Mr. M. Murali Mohan, who is a film actor by profession. By March 31, 2009, JPPL constructed and sold more than 10 lakh sq. ft. area consisting of residential apartments, high-end duplex houses as well as commercial buildings.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

Currently, JPPL has three projects under construction covering an area of more than 11 lakh sq. ft. out of which ten lakh sq. ft. is being constructed for residential purposes while one lakh sq. ft. area is under construction for commercial purposes.

On a total income of Rs.199 crore, JPPL earned a PAT of Rs.0.89 crore in FY09. As on March 31, 2009, JPPL's long-term debt to equity ratio was quite high at 3.69x due to substantial debt raised to fund its ongoing projects.

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CARE classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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